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HYDRA EXPLORATIONS LIMITED

Seventh Annual Report



FOR THE YEAR ENDED MAY 31, 1966



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HYDRA EXPLORATIONS LIMITED

President

A. W. JOHNSTON

Vice-President and General Manager

H. B. HICKS

Secretary-Treasurer

W. M. O'SHAUGHNESSY

Directors

A. W. JOHNSTON

H. B. HICKS

L. E. WETMORE

W. C. CAMPBELL

W. M. O'SHAUGHNESSY

Transfer Agent and Registrar

GUARANTY TRUST COMPANY OF CANADA
TORONTO AND MONTREAL

Auditors

CAMPBELL, LAWLESS & PUNCHARD
TORONTO

Head Office

SUITE 1600, 100 ADELAIDE STREET WEST, TORONTO 1, ONTARIO

SEVENTH ANNUAL REPORT

FOR THE YEAR ENDED MAY 31, 1966

DIRECTORS' REPORT TO THE SHAREHOLDERS:

October 21, 1966

The Directors are pleased to present the seventh Annual Report of the Company for the year ended May 31, 1966, together with the financial statements for the period and the report of the Company's Auditors thereon.

Of the various exploration activities carried out during the year, the most important was the re-appraisal of the Velvet Mine, a former gold-copper producer in the Rossland area of southern British Columbia. Hydra held a 50% participation in this project. Work included rehabilitation, geological mapping and sampling of a considerable part of the old workings, and 2,718 feet of underground diamond drilling. While some interesting values were encountered, it was concluded that insufficient ore could be blocked out to justify resumption of mining and the property was accordingly dropped.

The Company participated in a prospecting venture in northwestern Ontario without any discoveries of commercial significance.

Subsequent to the end of the Company's fiscal year, a 30-claim property was optioned in the Nottaway River area of northwestern Quebec covering a known geophysical anomaly. Five drill holes, totalling 1,035 feet, were completed on the property, and although sulphides were encountered, these were not of ore grade. There is considerable exploration activity in the area and the property will be held for the time being without any additional work being presently contemplated.

Within recent weeks a 22-claim group has been acquired by option and staking in the Bamaji Lake area of northwestern Ontario following the discovery of molybdenite values on adjoining properties. Work will be undertaken on this property next Spring.

Enclosed herewith you will find a notice calling the Annual General Meeting of Shareholders on November 24, 1966. If you cannot attend the meeting in person, you are requested to sign and mail the enclosed proxy at your earliest convenience, in order that your shares may be represented at the meeting.

On Behalf of the Board,

ASHTON W. JOHNSTON,
President.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Hydra Explorations Limited as at May 31, 1966 and the statements of deficit and preproduction expenses for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of deficit and preproduction expenses present fairly the financial position of the Company as at May 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CAMPBELL, LAWLESS & PUNCHARD

Chartered Accountants

Toronto, Ontario

September 1, 1966.

HYDRA EXPLORATIONS LIMITED

BALANCE SHEET

AMALGAMATED UNDER THE LAWS OF ONTARIO

ASSETS

Cash in bank and short term bank deposits		\$ 102,696
Investments in shares of and advances to other mining companies, at cost		
Listed (Quoted market value \$527,145) (see Note 1)	\$ 341,300	
Unlisted (Quoted market value \$937)	5,402	
Advances to other mining company	9,703	356,405
Mineral claims, rights and interests, at cost		374,389
Preproduction expenditures		1,386,543

Approved by the Board:

A. W. JOHNSTON, Director.

W. M. O'SHAUGHNESSY, Director.

\$2,220,033

31, 1966

LIABILITIES

Accounts payable and accrued liabilities \$ 2,501

CAPITAL STOCK

Authorized

5,000,000 shares of a par value of \$1 each

Issued

4,050,040 shares \$4,050,040

Less — Discount thereon 1,450,000

2,600,040

DEFICIT 382,508 2,217,532

NOTE 1:

Included in the market value of \$527,145 is an amount of \$208,539 being the market value of shares in a mining company which have been lodged with a depositary in exchange for voting trust certificates under the terms of an agreement whereby the voting rights of the shares have been transferred to other persons. There is no quoted market value for the voting trust certificates.

\$2,220,033

DEFICIT

Year to May 31, 1966

Balance as at May 31, 1965		\$ 147,291
Add		
Mineral claims, rights and interests of amalgamated company abandoned (\$44,410) and preproduction expense relating thereto (\$196,541) written off	\$ 240,951	
Advances to other mining companies written off	124	
Investments written off	2,499	243,574
		<hr/>
		390,865
Deduct — Dividends and interest received		8,357
		<hr/>
Balance as at May 31, 1966		<u><u>\$ 382,508</u></u>

PREPRODUCTION EXPENSES

Year to May 31, 1966

Balance as at May 31, 1965

Predecessor companies	\$1,167,756	
Amalgamated company	371,308	\$1,539,064
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EXPLORATION AND DEVELOPMENT EXPENSES

Engineering and geological services and expenses	\$ 11,595	
Government fees, licences and acreage taxes	4,605	
Diamond drilling	5,156	
Heat, light and power	1,073	
Miscellaneous supplies	1,629	
Rental of equipment	987	
General	421	25,466
	<hr/>	

ADMINISTRATIVE EXPENSES

Head office and accounting services and expenses	9,987	
Legal and audit	925	
Miscellaneous	277	
Stock exchange fees and expenses	200	
Transfer agents' fees and expenses	5,236	
Government fees and taxes	218	
Shareholders' information and publicity	1,711	18,554
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Total preproduction expenses for the year		44,020
		<hr/>
		1,583,084

Deduct

Preproduction expenses of amalgamated company written off to deficit	196,541
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Balance of preproduction expenses as at May 31, 1966	<hr/> <hr/>
	\$1,386,543

HYDRA EXPLORATIONS LIMITED

SUITE 1600 CONCOURSE BUILDING
100 ADELAIDE STREET WEST
TORONTO 1

EM 3 1493

News Release
January 2, 1963

JAN 7 1963

A diamond drilling program has been announced by Roundtower Minerals Limited on its license adjoining Northgate Exploration Ltd. on the south. This follows extensive prospecting since last March on the 14 licenses held by the company covering over 110 square miles in the Republic of Ireland.

30 miles
W of Silver
Bay

The license to be drilled covers five square miles where an anomaly defined by geochemical prospecting has been confirmed by an induced polarization survey conducted by H. Siegel & Associates, who have spotted the holes. Drilling will commence in January on the anomalous area, which it is hoped will reveal commercial mineralization.

An induced polarization survey will start this month on the license in the Silvermines area, which adjoins on the west the licenses held by Consolidated Mogul Mines Ltd., and if warranted, drilling will be undertaken on this ground.

Almost all of the ground under license has been prospected by geochemical reconnaissance and checked in the promising areas by induced polarization surveys. Completion of the geochemical surveys and, where indicated checking by induced polarization surveys, is to continue until all areas have been covered.

The shares of the Irish company, Roundtower Minerals Limited, are held equally by Hydra Explorations Limited, Augustus Exploration Limited and Faraday Uranium Mines Limited.

